



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF MENTAL RETARDATION SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TENNESSEE 37243**

January 18, 2008

Dear Consumer, family member or guardian:

As you might know, due to budget overruns, I have recently implemented cost-saving measures related to services the Division of Mental Retardation Services (DMRS) provides. This was a very difficult decision and one that I did not take lightly. I am writing to explain and clarify my actions.

As you will see in the attached fact sheet, based on costs at the time of preparation, DMRS budgeted appropriately for this fiscal year. The Division designated an average of \$209 per day for services in our statewide Home and Community-based Waiver. However, the cost for services has risen each month. The average cost for October was \$233, which makes Tennessee the third highest state in service expense in the nation, behind Delaware and Maine.

Currently 6,329 persons are on the DMRS Waiting List for services and 48 percent are children. By allowing the budget overruns to continue we are taking away dollars that could be used for those persons not receiving waiver support.

DMRS must operate on the amount of money appropriated to it by the state legislature. The Division has been a good steward with the taxpayers' money. Over the last several years DMRS redirected \$33,352,900 state dollars into the Home and Community-based Waiver to take advantage of a federal match, which added two dollars for every state dollar.

Also, Governor Bredesen and the state legislature have been very generous and supportive. Over the last four fiscal years DMRS received \$170,716,300 in additional monies.

DMRS is over-budget and the problem requires immediate attention. Therefore, effective for the January payment to provider agencies, I reduced Home and Community-based Waiver expenditures 6.1 percent. We will evaluate monthly and the rate reduction can be lowered if costs are reduced.

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Let me be perfectly clear that we are not cutting the DMRS budget, but just trying to get it back to its intended level. The health and safety of the persons DMRS supports is of the highest importance.

DMRS and its provider agencies are working very hard to develop strategies and methods for cost containment. Our preferred way of affecting cost reduction is on a case-by-case basis. We are conducting detailed reviews of Individual Support Plans. These assessments will make sure that if there are changes in a person's services, his or her needs will be met.

It is not appropriate for me to ask provider agencies to absorb cost reductions without DMRS tightening its belt. Hiring and travel freezes are in effect. There is a five percent reduction of total annual operational expenditures at the developmental centers, regional offices and central office. Purchasing is limited only to goods and services needed for the well-being of the persons DMRS supports.

Over the last three-and-a-half years DMRS and its stakeholders have made tremendous strides in strengthening the Division, improving services and enhancing the lives of our service recipients. These are challenging times. It is vitally important that we work together in sustaining a strong service delivery system. I am confident we will find solutions for decreasing the cost of service provision without sacrificing quality.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen H. Norris". The signature is fluid and cursive, with the first name "Stephen" being more prominent.

Stephen H. Norris
Deputy Commissioner

SHN/tt

Attachment